

0930 - Arkansas Department of Environmental Quality

Final Progress Report for the reporting period July 1, 2003 - June 30, 2004

Section I. Agency Update and Assessment

1. Emerging Issues at the Federal (National) or State level affecting the agency.

The Department has several issues that could potentially impact its programs. An issue of great importance to the Air Division at present is 8-hour ozone non-attainment for Crittenden County and the potential for future non-attainment for the Little Rock-North Little Rock Metropolitan Statistical Area (LR-NLR MSA). ADEQ and Crittenden County, in conjunction with Shelby County and the State of Tennessee, have submitted to EPA a petition to have the Memphis MSA reclassified as a marginal area for ozone. This designation, in conjunction with additional control measures, will result in cleaner air in the area at an earlier date. These strategies must be placed in the State Implementation Plan, a regulatory document requiring many state and federal levels of review. The LR-NLR MSA has entered into an Ozone Flex agreement, which encourages voluntary efforts at the local level which have the potential to avert non-attainment. Another planning issue is ongoing regional planning efforts to comply with regional haze and visibility requirements, through which the Division continues to partner with other states through a regional partnership.

At the national level, the Mining Division is involved with the proposed reauthorization of the Abandoned Mine Lands (AML) program found in Title IV of Public Law 95-87. Without reauthorization of the fee payment, the amount of the funds that Arkansas may receive from the program could be adversely affected. The AML program provides funds to Arkansas for the reclamation of pre-law abandoned coal mines. We have received approximately \$1.5 Million each year for the past six (6) years. A proposed amendment was removed from the Energy Bill in December 2003 once it was determined that the AML Program was sufficiently important to warrant its own congressional hearing. Since December 2003, one hearing has been held by the Senate and congressional staff is working on a compromise piece of legislation.

On the forefront with the Hazardous Waste Division is the new state and federal legislation anticipated to focus more interest in the redevelopment of Brownfields-type properties, requiring more personnel or contractual services to accomplish tasks in a time frame that keeps pace with the real estate transaction needs.

The Regulated Storage Tank Division will be impacted by legislation pending in Congress covering enforcement and compliance activities, requirement to train UST operators, "red-tag" provision for non-compliant facilities, and mandated inspection frequency. In the West Memphis area, long-range planning will likely involve the Division in the arena of Stage One vapor recovery systems: equipment retrofitting requirements for regulated tank owners (what kind of equipment, licensed installer requirement); confirmation through site inspection that required equipment is installed and functional; funding issues if RST inspectors include these issues as part of their routine facility inspections.

Several significant issues, mandated by EPA, will impact the Water Division over the next several months; 1.) The need to develop an appropriate water quality standard for nutrient levels in large reservoirs and 2.) the implementation of the Concentrated Animal Feeding Operation (CAFO) Permit Program and 3.) monitoring for impaired water quality. The impact of significant nutrient loading is becoming apparent in large reservoirs and the nutrient management plan will be directed to resolve these issues in reservoirs. The CAFO Permit Program provides permit coverage to poultry growers and other agricultural producers that generate dry litter and ensures the proper storage and disposal of dry litter. The Department is facing increased monitoring and needs to be able to know if efforts to reduce phosphorus levels in Arkansas waters have been effective.

2. Status of any new initiatives funded from General Revenue or General Improvement funds in the 2003 Legislative Sessions and other changes made through General Legislation.

During the 2003 Legislative Session, General Revenue funding was maintained at fiscal year 2003 budget level. No new initiatives were authorized from General Revenue or General Improvement funds. However under the leadership of our Director, ADEQ continues to efficiently and effectively apply its existing resources and authorities to protect, enhance and restore the natural environment for the well-being of all Arkansans.

3. Discuss significant factors internal and external to the agency affecting agency performance.

The Department's performance with regard to ozone nonattainment depends greatly on the speed and effectiveness with which its Tennessee counterparts puts additional control measures in place. Since Crittenden County's problems are a result of emissions generated in Shelby County, the Department's ability to influence these conditions is significantly curtailed. This type of influence from factors outside the direct control of the Department is also evident in our water and land programs. Regulatory requirements do not cover all aspects of the environment, and the Department finds itself working closely with other partners to achieve true results.

4. Provide comments on the usefulness and reliability of performance measures.

The Department has been working with performance measures/indicators for several years. As with every process, the further a program is developed, the more effective it becomes. Performance indicators tracked by the Department's Strategic Plan are still evolving, and their use by management as a tool is slowly taking shape. The Department uses performance measures consistent with federal grant reporting requirements, and tries to use measures that fit with EPA's performance measures. The Department is struggling with capturing some of the performance measures on a state fiscal year basis, as many of our measures have been established to provide consistency with measures reported for these other purposes, but based on a calendar or federal fiscal year.

5. Discuss significant uses of line item flexibility in this report period (agencies operating under Performance-Based Appropriations only).

In order to more efficiently and effectively apply agency resources, ADEQ has utilized line item flexibility to address several issues: 1) Land Program – professional fees and services appropriations were transferred to operating expenses. Reason: Fiscal year 2003 reclamation service contracts were budgeted as professional fees and services. Pursuant to A.C.A 19-11-203-(27)-(A) and (B) as it pertains to "Services", the department's reclamation service contracts are classified as technical services and should be expensed from operations. 2) Air Program – operating expenses were transferred to capital outlay. Reason: These changes were implemented to procure pollution prevention technology. These adjustments were in line with agency program goals, objectives and performance targets. To maintain budgetary control and accountability in the same line item manner, ADEQ internally tracks and maintains all expenditures by line item.

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Section II. Performance Indicators

Program 1: ADEQ-Air

Goal 1: The Air is clean and healthy

Objective 1: To reduce the number of days that the air in Arkansas exceeds any Federal air pollution limit.

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Percent of major permits drafted within 180 days of receiving a complete application	80%	92%	
2	Percent of minor permits drafted within 90 days of receiving a complete application	80%	88%	
3	Percentage of regulated facilities in compliance with state and federal air standards.	90%	83%	
4	Number of people living in areas with air quality concentrations not meeting the National Ambient Air Quality Standards: Carbon Monoxide	0	0	*Based on CY03 Data
5	Number of people living in areas with air quality concentrations not meeting the National Ambient Air Quality Standards: Lead	0	0	*Based on CY03 Data
6	Number of people living in areas with air quality concentrations not meeting the National Ambient Air Quality Standards: Nitrogen dioxide	0	0	*Based on CY03 Data
7	Number of people living in areas with air quality concentrations not meeting the National Ambient Air Quality Standards: Ozone (1 hour)	53,161	51,155	*Based on CY03 Data
8	Number of people living in areas with air quality concentrations not meeting the National Ambient Air Quality Standards: Ozone (8 hour)	611,952	51,155	*Based on CY03 Data
9	Number of people living in areas with air quality concentrations not meeting the National Ambient Air Quality Standards: Particulate matter (10 microns)	0	0	*Based on CY03 Data
10	Number of days per year that air quality in Arkansas is unhealthy for sensitive groups for ozone, carbon monoxide or particulate matter.	5	1	*Based on CY03 Data

Comments on performance matters related to Objective 1:

*These measures are reported on a Calendar Year Basis in accordance with Federal Reporting Requirements.

Program 2: ADEQ-Water

Goal 1: The physical, chemical and biological integrity of all Arkansas waters are protected and enhanced.

Objective 1: To insure that assessed surface water in Arkansas will meet water quality standards for all beneficial uses.

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Percent of assessed surface waters that meet all water quality standards.	87%	85%	Based on FFY02 Data. This indicator is calculated every other year.
2	Number of Total Maximum Daily Loads (TMDL's) completed in accordance with court ordered schedule.	26	33	*Based on CY03 Data.
3	Number of watershed groups developing/implementing watershed management plans	10	11	*Based on CY03 Data.
4	Percentage of regulated facilities in compliance with state and federal water regulations.	87%	95%	*Based on FFY03 Data.

Comments on performance matters related to Objective 1:

*These measures are reported on a Calendar Year Basis/Federal Fiscal Year Basis in accordance with Federal Reporting Requirements.

Program 3: ADEQ-Land

Goal 1: Land-based activities achieve, maintain and enhance a healthy environment.

Objective 1: The safe management of hazardous waste and hazardous substances in Arkansas.

Measure Number	Performance Indicators	Annual Target	FY04 Actual	Comments
1	*Percentage of hazardous waste recycled, reclaimed, used, or reused	6%	2.31%	Based on CY02 Data. CY03 Data will be available October 1, 2004.
2	**Acres of known environmentally impacted land returned to productive use.	763	1,803	Total Acreage from the Four Divisions.
3	Number of Hazardous Waste clean-ups initiated/completed	5/3	20/ 8	

Comments on performance matters related to Objective 1:

*An error has been discovered in the wording of this Performance Measure. The Description should read "Percent increase of hazardous waste recycled, reclaimed, used, or reused." The original objective contained a goal of a 20% increase (over a baseline) for a 10 year period, thus translating into a targeted average of 2% increase per year. Therefore, the DESCRIPTION should be revised as stated previously, the METHODS AND SOURCES USED OBTAINING THE DATA should have the following added: " - Running total of Increase over Baseline" and the FISCAL YEAR GOALS revised as follows: " - FY'05 = 10%, FY'06 = 12%, FY'07 = 14%, FY'08 = 16%, and FY'09 = 18%".

**Measure 2 is actually a part of Objectives 1, 2, 3 and 4, but in order to prevent reporting the same measure under all four objectives, it is being reported only under Objective 1.

Program 3: ADEQ-Land

Goal 1: Land-based activities achieve, maintain and enhance a healthy environment.

Objective 2: To reduce, prevent, and cleanup leaks from underground storage tanks.

Measure Number	Performance Indicators	Annual Target	FY04 Actual	Comments
1	Number of Regulated Storage Tank clean-ups initiated/completed	73/64	58/65	

Comments on performance matters related to Objective 2:

Program 3: ADEQ-Land**Goal 1:** Land-based activities achieve, maintain and enhance a healthy environment.**Objective 3:** Safe handling, storage, processing and disposal of non-hazardous solid waste.

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Percent of material diverted from landfills through recycling and waste tire programs.	38.5%	59%	*Based on CY03 Data and only includes recycling.
2	Number of grants/dollars processed for Recycling	90/ \$3,200,000	100/ \$2,569,607	
3	Number of grants/dollars processed for Waste Tires	99/\$4,482,691	86/\$4,613,507	
4	Number of Solid Waste clean-ups initiated/completed	26/41	9 / 9	**See comment below

Comments on performance matters related to Objective 3:

* The Solid Waste Districts have not reported this data to the Department at the time of compilation of the report. This data will be available in the upcoming months.

**Under Measure Number 4, the reason for the low numbers is that the Illegal Dump Eradication Program sunsetted at the end of SFY '03 and the annual targets had been based on the possibility of that program continuing with a new sunset date. Since the program was not extended, the Solid Waste Division's target of projected number of clean-ups both initiated and completed will have to be adjusted in the future.

Program 3: ADEQ-Land

Goal 1: Land-based activities achieve, maintain and enhance a healthy environment.

Objective 4: The protection of society and the environment from the adverse effects of surface mining activities by ensuring that the reclamation and restoration of affected lands results in future productive use.

Measure

<u>Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Percentage of regulated facilities in compliance with Solid Waste, Hazardous Waste, Mining and Regulated Storage Tank laws	66%	82.33%	*Average of the 4 Divisions.
2	Number of Mining clean-ups initiated/completed	1/1	3/2	

Comments on performance matters related to Objective 4:

*Measure Number 1 is actually a part of Objectives 1, 2, and 3 as well as Objective 4. Each of the Objectives in Goal 1 represent a single objective for each of the 4 individual divisions that make up the Land Group. In order to prevent reporting the same measure under all four objectives, it is being reported under Objective 4.

Program 4: ADEQ-Management Services

Goal 1: The Department efficiently and effectively applies its resources and authorities to achieve the highest standards of agency and environmental management.

Objective 1: To provide fiscal and human resource support that is efficient, effective, and timely allowing the Department to pursue its mandate to protect the environment of Arkansas.

Measure

<u>Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Percent change in turnover rate.	Agency reduction of 10% of turnover percentage	Reduction of 27.7%	
2	Percent of agency performance measures met.	100%	76%	29 of 38 measures were met.
3	Percent of agency staff and budget in the Administration Program compared to total agency positions and budget	13%	11%	
4	Number of prior year audit findings repeated in subsequent audit	0	0	
5	Number of responses to requests for information	2,200	3,387	

Comments on performance matters related to Objective 1:

Program 4: ADEQ-Management Services

Goal 1: The Department efficiently and effectively applies its resources and authorities to achieve the highest standards of agency and environmental management.

Objective 2: To have prompt, thorough, well-prepared legal representation to allow the Department to pursue its mandates.

Measure

<u>Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Number of ADEQ decisions reversed by Commission and/or Appellate courts.	0	0	
2	Number of ADEQ legal matters initiated/closed.	450/450	837/725	

Comments on performance matters related to Objective 2:

Program 4: ADEQ-Management Services

Goal 1: The Department efficiently and effectively applies its resources and authorities to achieve the highest standards of agency and environmental management.

Objective 3: Administer a Computer Services Division providing programming assistance, technical support and telecommunications planning.

Measure

<u>Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Integrated Information system project milestone accomplished.	all scheduled	6/11 Accomplished	

Comments on performance matters related to Objective 3:

Program 4: ADEQ-Management Services

Goal 2: The public uses ADEQ information and resources, in a timely and meaningful manner, to protect and manage their environment.

Objective 1: To administer a Customer Service Division providing environmental assistance to the state by helping citizens and businesses utilize the resources of the Department to learn about the environment and to meet any of their environmental obligations.

Measure				
<u>Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Number of Arkansans that participate in Department hearings and meetings and presentations	11,000	26,277	
2	Number of responses to requests for environmental/compliance assistance.	1100	665	
3	Number of responses to public complaints on environmental conditions initiated through ADEQ's help-lines.	200	861	
4	Number of presentations/technical programs given by ADEQ staff.	220	474	

Comments on performance matters related to Objective 1:

Program 4: ADEQ-Management Services

Goal 3: The Department uses sound science to make environmental decisions.

Objective 1: Administer a Technical Services Division to perform analytical testing for the Clean Air Act; Clean Water Act; Resource Conservation and Recovery Act; Leaking Underground Storage Tank Program; Comprehensive Environmental Response, Compensation, and Liability Act; other federal programs; and state solid waste and animal waste programs.

Measure

<u>Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Number of samples analyzed	6,600	7,544	Based on CY03 Data. A correction has been made since the interim report.
2	Percentage of samples analyzed within acceptable national laboratory standards.	80%	100%	*Based on CY03 Data.

Comments on performance matters related to Objective 1:

*These measures are reported on a Calendar Year Basis in accordance with Federal Requirements.

Arkansas Department of Environmental Quality
Final Progress Report

Section III. Fiscal Summary
Program 1: Air

Commitment Item	Legislative Recommendations Budget Manual - FY04	FY04 Expenditures
Regular Salaries	\$ 3,208,796.00	\$ 3,264,233.19
Extra Help	\$ 4,400.00	\$ -
Personal Services Matching	\$ 837,010.00	\$ 856,692.00
Maintenance and Operations		
Operating Expenses	\$ 361,480.00	\$ 352,359.24
Conference Fees & Travel	\$ 127,106.00	\$ 86,009.38
Professional Fees & Services	\$ 127,337.00	\$ 103,546.00
Capital Outlay	\$ 155,670.00	\$ 52,005.15
Data Processing	\$ -	\$ -
Grants		\$ -
Total	\$ 4,821,799.00	\$ 4,714,844.96

Funding Source	Legislative Recommendations Budget Manual - FY04	FY04 Receipts
General Revenue		
Federal Revenue	\$ 434,259.00	\$ 783,708.00
Special Revenue	\$ 4,074,323.00	\$ 5,370,069.00
Trust Revenue		
Other Revenue	\$ 4,244,619.00	\$ 7,732,443.00
Total	\$ 8,753,201.00	\$ 13,886,220.00

Section III. Fiscal Summary
Program 2: Water

Commitment Item	Legislative Recommendations Budget Manual - FY04	FY04 Expenditures
Regular Salaries	\$ 3,221,336.00	\$ 3,150,337.39
Extra Help	\$ 31,600.00	\$ -
Personal Services Matching	\$ 833,106.00	\$ 839,007.30
Maintenance and Operations		
Operating Expenses	\$ 354,749.00	\$ 213,456.19
Conference Fees & Travel	\$ 83,985.00	\$ 31,414.79
Professional Fees & Services	\$ 1,157,571.00	\$ 169,670.49
Capital Outlay	\$ 182,230.00	\$ 8,790.73
Data Processing		\$ -
Grants		\$ -
Total	\$ 5,864,577.00	\$ 4,412,676.89

Funding Source	Legislative Recommendations Budget Manual - FY04	FY04 Receipts
General Revenue	\$ 1,198,678.00	\$ 1,081,896.00
Federal Revenue	\$ 2,116,076.00	\$ 1,353,009.00
Special Revenue	\$ 2,262,755.00	\$ 2,198,455.00
Trust Revenue		
Other Revenue	\$ 3,632,341.00	\$ 3,580,547.00
Total	\$ 9,209,850.00	\$ 8,213,907.00

Section III. Fiscal Summary
Program 3: Land

Commitment Item	Legislative Recommendations Budget Manual - FY04	FY04 Expenditures
Regular Salaries	\$ 4,810,364.00	\$ 4,928,533.62
Extra Help	\$ 21,995.00	\$ -
Personal Services Matching	\$ 1,255,567.00	\$ 1,315,259.42
Overtime	\$ 1,250.00	\$ -
Maintenance and Operations		
Operating Expenses	\$ 19,684,238.00	\$ 7,523,723.70
Conference Fees & Travel	\$ 258,922.00	\$ 64,156.87
Professional Fees & Services	\$ 3,452,853.00	\$ 785,460.64
Capital Outlay	\$ 62,100.00	\$ 61,434.74
Data Processing	\$ 2,000.00	\$ -
Grants	\$ 9,437,000.00	\$ 7,183,174.70
Contractual Services	\$ 34,770,000.00	\$ -
Illegal Dump Eradicaiton	\$ -	\$ -
Total	\$ 73,756,289.00	\$ 21,861,743.69

Funding Source	Legislative Recommendations Budget Manual - FY04	FY04 Receipts
General Revenue	\$ 378,823.00	\$ 448,689.00
Federal Revenue	\$ 19,325,388.00	\$ 5,314,482.00
Special Revenue	\$ 13,930,800.00	\$ 9,277,438.00
Trust Revenue	\$ 5,190,704.00	\$ 5,160,133.00
Other Revenue	\$ 57,552,800.00	\$ 28,230,793.00
Total	\$ 96,378,515.00	\$ 48,431,535.00

Section III. Fiscal Summary
Program 4: Environmental Management

Commitment Item	Legislative Recommendations Budget Manual - FY04	FY04 Expenditures
Regular Salaries	\$ 3,810,769.00	\$ 3,866,352.58
Extra Help	\$ 177,059.00	\$ 76,656.94
Personal Services Matching	\$ 975,540.00	\$ 1,012,486.40
Maintenance and Operations		
Operating Expenses	\$ 5,289,394.00	\$ 2,870,279.77
Conference Fees & Travel	\$ 75,252.00	\$ 70,285.27
Professional Fees & Services	\$ 1,379,039.00	\$ 240,734.11
Capital Outlay	\$ 892,329.00	\$ 665,639.91
Data Processing	\$ 453,937.00	\$ -
Grants		\$ -
Contractual Services	\$ 374,655.00	\$ -
Integrated Information System Expenses	\$ 500,000.00	\$ -
Loans	\$ 804,030.00	\$ 67,555.00
Total	\$ 14,732,004.00	\$ 8,869,989.98

Funding Source	Legislative Recommendations Budget Manual - FY04	FY04 Receipts
General Revenue	\$ 1,990,964.00	\$ 2,094,523.00
Federal Revenue	\$ 4,701,542.00	\$ 1,062,413.00
Special Revenue	\$ 3,295,508.00	\$ 1,095,422.00
Trust Revenue	\$ 3,160,177.00	\$ 899,107.00
Other Revenue	\$ 9,364,997.00	\$ 6,023,057.00
Total	\$ 22,513,188.00	\$ 11,174,522.00